

Advising the Congress on Medicare issues

Producing comparative effectiveness information

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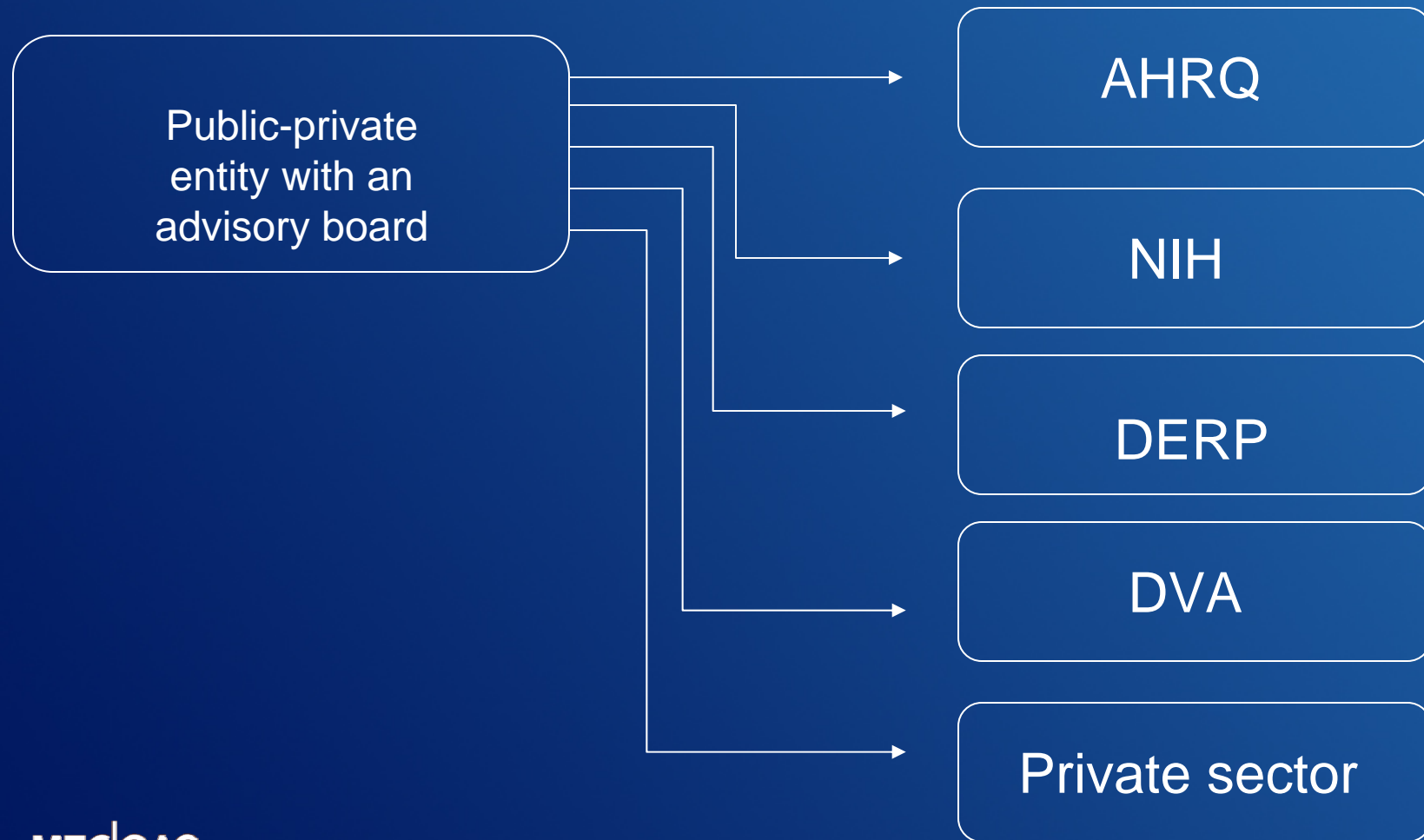
Summary of chapter on comparative effectiveness in the June 2007 report

- Little information available that compares clinical effectiveness of alternate healthcare services
- Because it is a public good, a federal role is needed
- Commission recommended that the Congress charge an independent entity to sponsor and disseminate research on comparative effectiveness

Such an entity would:

- Be independent
- Produce objective information under a transparent process
- Seek input on agenda items
- Disseminate information to all users
- Have no role in making or recommending coverage or payment decisions

Federal role need not result in a large expansion of the government



Activities of a comparative-effectiveness entity

- Select research priorities
- Sponsor unbiased research
- Re-examine a service's effectiveness over time
- Disseminate information to all users
- Collaborate with other researchers
- Develop human capital

A bottom-up approach to funding

Entity	Type of research	Budget
Drug Effectiveness Review Project (DERP)	Retrospective	\$1.4 million annually since 2002
AHRQ	Retrospective	\$15 million annually since 2005
DVA	Retrospective	< \$61 million in FY07
NIH	Prospective	\$575 million since 1982
UK National Institute for Health and Clinical Excellence (NICE)	Retrospective	£29 million (\$60 million) in 2007

A top-down approach to funding

Researcher	Funding base	Percentage (\$ estimate)
Reinhardt 2004	U.S. annual prescription drug expenditure	0.5% (\$1 billion*)
Altman 2003	Basic research funding	5-10% (\$1.4 - \$2.7 billion*)
Kupersmith 2005	Total existing comparative effectiveness funding	Double current funding (\$1 billion)
Schoen & Guterman 2007	Projected federal Medicare & Medicaid spending & private insurance premiums	0.05% of each (\$0.8 billion in 2008)
Wilensky 2006	Not specified	Multibillion dollar investment

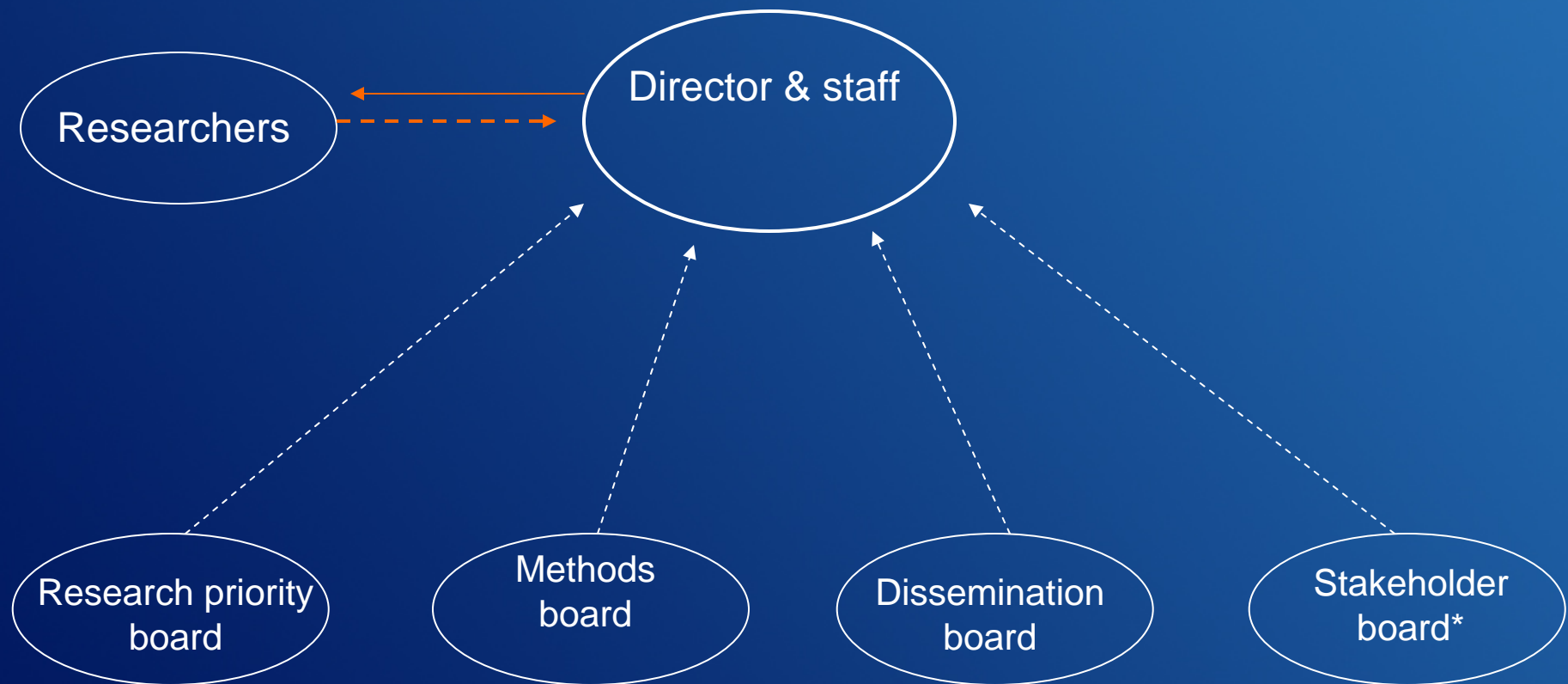
Mandatory funding would ensure stability and independence of entity

- Funding could come from some public and some private sources or from public sources only
- Mandatory federal funding
 - Small percentage of Medicare trust funds
 - General revenues
- Mandatory private sector funding
 - Targeted levy on insurers
 - Targeted levy on device and pharmaceutical manufacturers

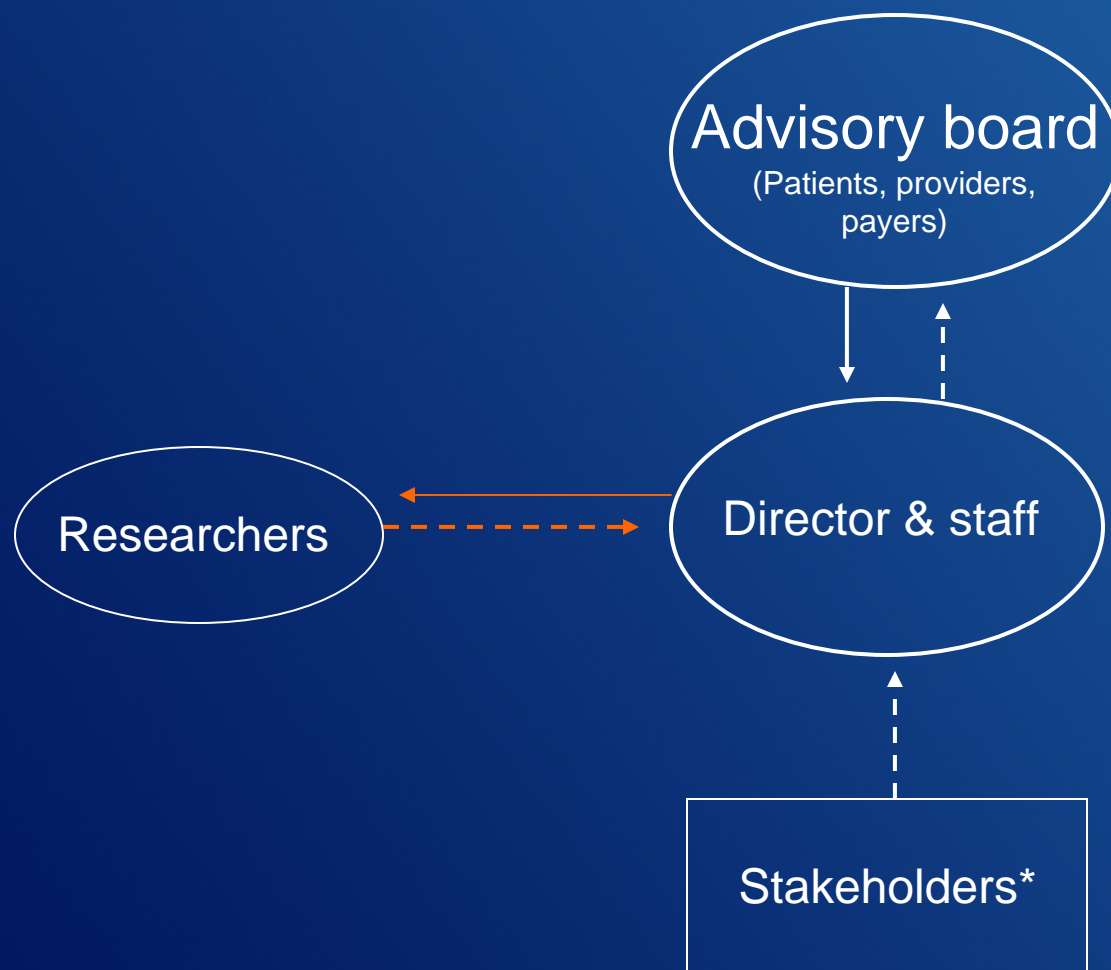
What should the advisory board look like?

- Who appoints the board?
 - President
 - President & Senate
 - Neutral individual (e.g. Comptroller General)
- What is the composition, role, and function of the advisory board?
- Ethics rules to minimize bias and ensure independence of board and staff

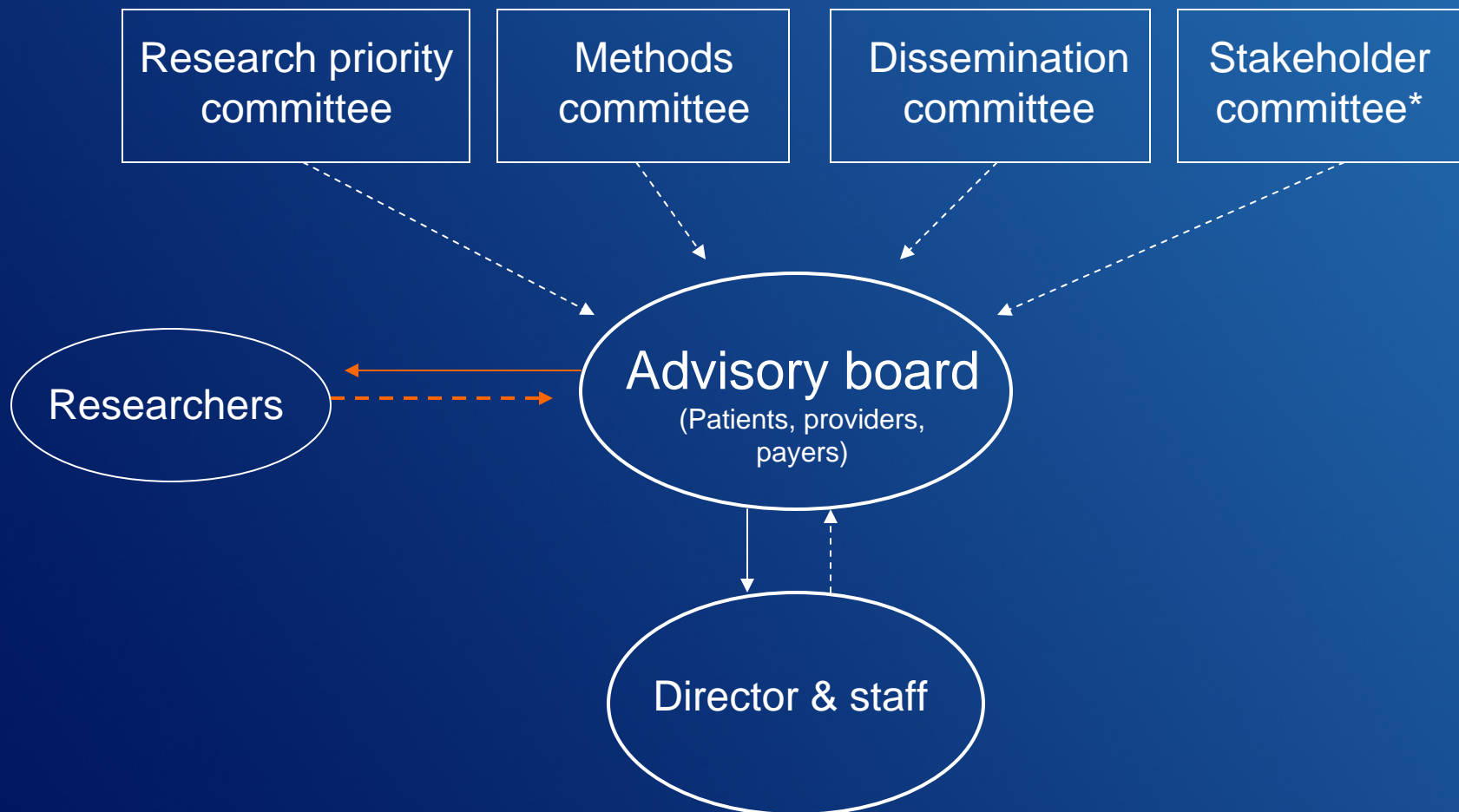
Option 1: Several boards advise staff



Option 2: Board meets periodically to advise staff



Option 3: Board meets periodically to advise staff; committees provide direct input to Board



What would the entity look like?

- FFRDC—private sector organization under contract to an HHS agency
- Independent federal agency
- Congressionally-chartered nonprofit organization

For discussion

- How should the entity be funded?
- What should the entity look like?
- Are there additional topics to examine?
- Next month: Present case studies on consequences of limited comparative-effectiveness information